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Phillips Lighting & Home: Leading the Market with ENERGY STAR® – An ENERGY STAR® Lighting Showroom Project

Chuck Arnold, President of Phillips Lighting & Home, is determined to be an ENERGY STAR leader. To accomplish this goal, Chuck is actively displaying and selling ENERGY STAR qualified residential lighting fixtures and ceiling fans at Phillips' 30,000 square foot facility in Modesto, California. During their fifty-five years in business, Phillips has learned that change is inevitable and that it is critical to stay tuned to the changing needs of the lighting market. ENERGY STAR qualified products position Phillips as an energy-efficient lighting leader.

"ENERGY STAR products position Phillips as a leader in technology, design, and style, and provide increased sales and profits."
—Chuck Arnold, Philips Lighting & Home

Chuck is eager to point out that ENERGY STAR qualified product sales grew over 800 percent compared to last year. This growth is the result of the aggressive ENERGY STAR qualified fixture marketing campaign Phillips began in February 2004. Because of the hot and dry climate of California's Central Valley, a large part of Phillips' sales comes from ceiling fans. They currently display over 130 models, many of which are ENERGY STAR qualified. Phillips sells high quality ENERGY STAR ceiling fans that help increase profits due to higher upfront costs. Hangtags and posters help identify ENERGY STAR qualified models and provide customers an affirmation of the superior quality

(minimum 30-year motor warranty) and energy savings that customers come to expect from ENERGY STAR. Using the lessons learned from fans, Phillips is now working with their



ENERGY STAR residential lighting fixture manufacturers. The marketing strategy includes:



training the sales force, stocking a variety of fixtures, and creating special ENERGY STAR displays. This is generating additional sales and profits. Chuck states that, "I am confident that sales of these products will continue to grow."

Selling the Benefits

The key to Phillips' ENERGY STAR success is knowledge. Chuck knows that the big box stores cannot sell products as effectively as his trained employees. Phillips' trained sales force sells by explaining the benefits -- superior quality, long life, energy savings, and extended warranty. Phillips uses this "benefits selling approach" when promoting ENERGY STAR qualified ceiling fans from manufacturers such as Minka Aire, Emerson, and Casablanca.

The same philosophy applies to ENERGY STAR qualified lighting fixtures. Employees explain the benefits of ENERGY STAR qualified products not only in terms of energy efficiency, but also in terms of quality issues like instant starting, reduced heat, and the two-year warranty. The reduced heat is important for Chuck's customers because it lowers air-conditioning costs and makes homes more comfortable.

Phillips currently has a 20-unit dedicated ENERGY STAR display from Sea Gull Lighting that includes interior and exterior fixtures. Simkar fixtures are also on display, resulting in an ENERGY STAR offering for every room in the house. Phillips carries a large inventory in order to



assure that they can quickly supply the needs of their customers.

Even with limited display, sales continue to grow. “ENERGY STAR qualified lighting products currently represent about one percent of unit sales, but because of their upfront cost they represent a higher percentage of dollar sales and profits,” states Chuck.

Planning for the Future

Selling ENERGY STAR qualified lighting products has proven profitable for Phillips Lighting & Home and Chuck sees additional opportunities in the future. Phillips plans to work with their advertising agency to improve ENERGY STAR marketing through ads, posters, and Phillips’ web site. Phillips is very aggressive in fading out lines that don’t sell or are discontinued. They plan to use some of the emptied space to increase the presence of ENERGY STAR qualified lighting products.

Chuck believes that blending the ENERGY STAR qualified products into other displays can increase sales and profits even more. “For those coming to the store looking for energy-efficient products the dedicated display works great. When we blend the ENERGY STAR bathroom and outdoor fixtures into the general displays our sales force will have additional opportunities to sell the benefits,” says Chuck.

The Bottom Line

In addition to the 25 fixtures on display and the numerous ENERGY STAR qualified ceiling fans, customers have hundreds of other options available on order.

In 2004, overall sales and profits from ENERGY STAR qualified lighting products have continued to grow and now represent one percent of unit sales. Chuck anticipates that sales and profits will increase even more in 2005 as manufacturers increase their ENERGY STAR offerings.

Phillips Lighting personnel are trained and ready to deal with the California Building Energy Efficiency Standards (Title 24) that take effect in 2005. ***Chuck knows that builders will be looking for any energy efficient product to meet code. But Phillips Lighting is ready to promote higher quality ENERGY STAR qualified products that meet customer quality and aesthetic demands, as well as the code requirements.***

This forward thinking will continue to increase Phillips’ sales and profits. The combined approach of training, product variety, and displays positions Phillips as an ENERGY STAR leader.

Helpful Hints and Sales Tips

- Leverage ENERGY STAR support and provide sales training to showroom staff.
- Bring the product to the floor! Identify ENERGY STAR qualified products with hangtags and posters.
- Use dedicated ENERGY STAR displays as well as integrated displays to increase selling opportunities.
- Keep sufficient inventory to quickly satisfy customer needs.
- Work with builders that are also promoting ENERGY STAR qualified products.

For More Information...

on the business opportunities of selling ENERGY STAR, contact Jeffrey Schwartz, ICF Consulting, at 518-452-5986, or by e-mail at jschwartz@icfconsulting.com.

